

Financial Report
Terrebonne Parish Recreation District No. 1
Schriever, Louisiana
For the Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 23 2012

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Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 1,
Schriever, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1 as of December 31, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 19, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 1

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No.1's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2011 by \$2,152,620 (net assets), which represents a 7.63% increase from last fiscal year.

The District's revenue increased by \$97,796 (14.13%) primarily due to increases in ad valorem tax revenues and the donation of Bon Jovi Park.

The District's expenses increased by \$59,279 (10.26%) primarily due to the increases in other charges for services due to legal and professional fees related to capital projects and routine repairs and maintenance to the building and the grounds.

Capital assets, net increased by \$160,271. This increase was due to capital asset additions.

The District's total assets increased by \$156,940 primarily due to the increase in ad valorem tax receivable and the increase in capital assets.

The District did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) basic financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The

statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2011, assets exceeded liabilities by \$2,152,620. A large portion of the District's net assets (29.17%) reflects its investment in capital assets (e.g., land; construction in progress; buildings; improvements, office furniture, fixtures, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	For the year ended December 31,		Dollar
	2011	2010	Change
Current and other assets	\$ 2,271,024	\$ 2,274,355	\$ (3,331)
Capital assets	1,281,636	1,121,365	160,271
Total Assets	<u>3,552,660</u>	<u>3,395,720</u>	<u>156,940</u>
Long-term liabilities	660,000	725,000	(65,000)
Other liabilities	740,040	670,775	69,265
Total liabilities	<u>1,400,040</u>	<u>1,395,775</u>	<u>4,265</u>
Net Assets:			
Invested in capital assets, net of related debt	627,972	431,635	196,337
Restricted	264,920	216,087	48,833
Unrestricted	1,259,728	1,352,223	(92,495)
Total net assets	<u>\$ 2,152,620</u>	<u>\$ 1,999,945</u>	<u>\$ 152,675</u>

Current and other assets decreased due to the District's decrease in cash. Capital assets increased due to capital asset additions in the current year to various gyms throughout the District.

Governmental Activities

Governmental activities increased the District's net assets by \$152,675. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	2011	2010	Change	Change
Revenues				
Program revenues:				
Charges for services	\$ 53,770	\$ 51,945	\$ 1,825	3.51%
General revenues:				
Taxes	632,809	603,748	29,061	4.81%
Intergovernmental	31,104	30,870	234	0.76%
Miscellaneous	72,255	5,579	66,676	1195.12%
Total revenues	<u>789,938</u>	<u>692,142</u>	<u>97,796</u>	<u>14.13%</u>
Expenses:				
General government	25,373	25,152	221	0.88%
Culture and recreation	579,828	518,099	61,729	11.91%
Debt service	32,062	34,733	(2,671)	-7.69%
	<u>637,263</u>	<u>577,984</u>	<u>59,279</u>	<u>10.26%</u>
Increase in net assets	152,675	114,158	38,517	33.74%
Net assets beginning of year	1,999,945	1,885,787	114,158	6.05%
Net assets end of year	<u>\$ 2,152,620</u>	<u>\$ 1,999,945</u>	<u>\$ 152,675</u>	<u>7.63%</u>

The Statement of Activities provides answers to the nature and source of changes in net assets. The District's tax revenues increased in the current year by 4.81% and the intergovernmental revenues increased by 0.76%. Culture and recreation expenses increased due to the District incurring more legal and professional fees related to capital projects and more routine repairs and maintenance to the buildings and the grounds.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,535,084 a decrease of \$72,004 in comparison with the prior year. An unassigned fund balance of \$1,246,948 is available for spending at the District's discretion while \$12,780 of fund balance is assigned for subsequent year's expenditures. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to debt service.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,246,948. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. The fund balance of the District's General Fund decreased by \$92,495 during the current fiscal year as compared to an increase of \$41,017 in the prior year. The key factors of this fluctuation was largely due to the increase in capital outlay of \$98,710 in the current year.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major difference between the original General Fund budget and the final amended budget was as follows:

Revenues

- Revenues were increased to reflect the increases in property taxes and state revenue sharing.

Expenditures

- Salaries were increased due to additional employees being hired to staff the Summer Camp Program held during the year.
- Repairs and maintenance was decreased to reflect less repairs necessary for the current year.
- Expenditures related to the Summer Camp Programs were decreased to reflect decreases in the necessary materials and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$1,281,636 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings, office furniture, fixtures and equipment; and machinery and equipment (see table below).

	<u>2011</u>	<u>2010</u>
Land	\$ 26,345	\$ 26,345
Construction in progress	63,844	6,346
Buildings and improvements	1,987,611	1,807,558
Office furniture, fixtures and equipment	22,699	22,059
Machinery and equipment	<u>335,637</u>	<u>318,866</u>
Totals	<u>\$ 2,436,136</u>	<u>\$ 2,181,174</u>

The major capital asset expenditures for the current year consisted of:

- Playground equipment
- Football equipment
- Park resurfacing
- Fire alarm system
- Storage building
- Icemaker and refrigerator
- Kitchen modification

Additional information on the District's capital assets can be found in Note 5, Exhibit F of this report.

Long-term Debt

At December 31, 2011, the District had \$660,000 of general obligation bonds outstanding after principal payments of \$65,000 during 2011. More detailed information about the District's long-term debt is presented in Note 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2011 assessment, which the District will receive, for the most part, in January 2012.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Detail plan of capital projects required to provide services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 1, 101 St. George St., Schriever, Louisiana 70395.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Recreation District No. 1

December 31, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets						
Cash	\$ 1,294,825	\$ 277,947		\$ 1,572,772		\$ 1,572,772
Receivables:						
Taxes	43,976	15,078		59,054		59,054
Due from other governmental units	479,219	153,643		632,862		632,862
Deferred bond issuance costs	-	-		-	\$ 6,336	6,336
Capital assets:						
Non-depreciable	-	-		-	90,189	90,189
Depreciable, net of accumulated depreciation	-	-		-	1,191,447	1,191,447
Total assets	\$ 1,818,020	\$ 446,668	\$ -	\$ 2,264,688	1,287,972	3,552,660
Liabilities						
Accounts payable and accrued expenditures	\$ 27,187			\$ 27,187	10,436	37,623
Due to Terrebonne Parish Consolidated Government	354			354	-	354
Unearned revenue	530,751	\$ 171,312		702,063	-	702,063
Long-term liabilities:						
Due within one year	-	-		-	65,000	65,000
Due after one year	-	-		-	595,000	595,000
Total liabilities	558,292	171,312	-	729,604	670,436	1,400,040
Fund Balances/Net Assets						
Fund balances:						
Restricted	-	275,356		275,356	(275,356)	-
Assigned to:						
Subsequent year's expenditures	12,780	-		12,780	(12,780)	-
Unassigned	1,246,948	-		1,246,948	(1,246,948)	-
Total fund balances	1,259,728	275,356	-	1,535,084	(1,535,084)	-
Total liabilities and fund balances	\$ 1,818,020	\$ 446,668	\$ -	\$ 2,264,688		
Net assets:						
Invested in capital assets, net of related debt					627,972	627,972
Restricted:						
Debt Service					264,920	264,920
Unrestricted					1,259,728	1,259,728
Total net assets					\$ 2,152,620	\$ 2,152,620

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Terrebonne Parish Recreation District No. 1

December 31, 2011

Fund Balances - Governmental Fund	\$ 1,535,084
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 2,436,136	
Less accumulated depreciation	<u>(1,154,500)</u>	1,281,636

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Deferred bond issuance costs	\$ 7,838	
Less current year amortization	<u>(1,502)</u>	6,336

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period and, therefore, are not reported in the governmental funds.

Governmental bonds payable	\$ (660,000)	
Accrued interest payable	<u>(10,436)</u>	<u>(670,436)</u>

Net Assets of Governmental Activities	\$ <u>2,152,620</u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes	\$ 471,241	\$ 161,568		\$ 632,809		\$ 632,809
Intergovernmental:						
State of Louisiana:						
State revenue sharing	31,104	-		31,104		31,104
Charges for services	53,770	-		53,770		53,770
Miscellaneous:						
Other	80	-		80	\$ 70,400	70,480
Interest	1,399	358	\$ 18	1,775	-	1,775
Total revenues	557,594	161,926	18	719,538	70,400	789,938
Expenditures/Expenses						
Current:						
General government:						
Ad valorem tax adjustment	2,169	743	-	2,912	-	2,912
Ad valorem tax deductions	16,726	5,735	-	22,461	-	22,461
Total general government	18,895	6,478	-	25,373	-	25,373
Culture and recreation:						
Personal services	193,892	-	-	193,892	-	193,892
Supplies and materials	11,953	-	-	11,953	-	11,953
Other services and charges	161,822	-	-	161,822	-	161,822
Repairs and maintenance	113,769	-	-	113,769	794	114,563
Depreciation and amortization	-	-	-	-	97,598	97,598
Total culture and recreation	481,436	-	-	481,436	98,392	579,828
Debt service:						
Principal retirement	-	65,000	-	65,000	(65,000)	-
Interest and fiscal charges	-	32,973	-	32,973	(911)	32,062
Total Debt Service	-	97,973	-	97,973	(65,911)	32,062
Capital outlay	149,767	-	36,993	186,760	(186,760)	-
Total expenditures/expenses	650,098	104,451	36,993	791,542	(154,279)	637,263
Excess (Deficit) of Total Revenues over Expenditures	(92,504)	57,475	(36,975)	(72,004)	72,004	-
Other Financing Sources (Uses)						
Operating transfer in	9	-	-	9	(9)	-
Operating transfer out	-	-	(9)	(9)	9	-
Total other financing sources (uses)	9	-	(9)	-	-	-
Net Change in Fund Balance	(92,495)	57,475	(36,984)	(72,004)	72,004	-
Change in Net Assets	-	-	-	-	152,675	152,675
Fund Balance/Net Assets						
Beginning of year	1,352,223	217,881	36,984	1,607,088	392,857	1,999,945
End of year	\$ 1,259,728	\$ 275,356	\$ -	\$ 1,535,084	\$ 617,536	\$ 2,152,620

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

Net Change in Fund Balances - Governmental Fund **\$ (72,004)**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 186,760	
Depreciation expense	<u>(96,096)</u>	90,664

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to increase net assets.		69,606
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Governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.

Principal payments	\$ 65,000	
Amortization of deferred bond issuance costs	<u>(1,502)</u>	63,498

Some expenditures reported in the statement of activities do not require
the use of current financial resources and therefore are not reported
as expenditures in governmental funds.

Decrease in accrued interest payable		<u>911</u>
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Change in Net Assets of Governmental Activities **\$ 152,675**

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Taxes	\$ 300,000	\$ 435,223	\$ 471,241	\$ 36,018
Intergovernmental:				
State of Louisiana:				
State revenue sharing	27,000	31,104	31,104	-
Charges for services	200	53,770	53,770	-
Miscellaneous				
Other	-	80	80	-
Interest	2,500	767	1,399	632
Total revenues	329,700	520,944	557,594	36,650
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	4,716	1,104	2,169	(1,065)
Ad valorem tax deductions	17,577	17,626	16,726	900
Total general government	22,293	18,730	18,895	(165)
Culture and recreation:				
Personal services	190,500	197,472	193,892	3,580
Supplies and materials	11,000	9,600	11,953	(2,353)
Other services and charges	129,100	154,439	161,822	(7,383)
Repairs and maintenance	126,000	115,531	113,769	1,762
Total culture and recreation	456,600	477,042	481,436	(4,394)
Capital outlay	19,000	128,096	149,767	(21,671)
Total expenditures	497,893	623,868	650,098	(26,230)
Deficit of Total Revenues over Expenditures	(168,193)	(102,924)	(92,504)	10,420
Total Other Financing Sources				
Operating transfers in	-	-	9	9
Net Change in Fund Balance	(168,193)	(102,924)	(92,495)	10,429
Fund Balance				
Beginning of Year	1,281,625	1,352,223	1,352,223	-
End of Year	\$ 1,113,432	\$ 1,249,299	\$ 1,259,728	\$ 10,429

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 1

For the Year Ended December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 1 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2011.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the Department for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Department and the potential component unit.
4. Imposition of will by the Department on the potential component unit.
5. Financial benefit/burden relationship between the Department and the potential component unit.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is on the major funds in governmental categories. The daily accounts and operations of the District continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government’s availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2011 property taxes which are being levied to finance the 2012 budget will be recognized as revenue in 2012. The 2011 tax levy is recorded as unearned revenue in the District’s 2011 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund.

Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Deferred Bond Issuance Costs

The District has recorded deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt using the interest method.

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 – 40 years
Improvements other than building	5 – 25 years
Office furniture, fixtures and equipment	5 years
Machinery and equipment	5 – 20 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Long-Term Debt

The accounting treatment of long-term debt depends on whether the debt is reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Debt (continued)

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

j) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 2011.

k) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally contractually required to maintain intact.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – All other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as restricted, assigned, and unassigned as of December 31, 2011.

l) New GASB Statements

During the year ending December 31, 2011, the District implemented the following GASB Statements:

Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Note 2 - DEPOSITS (Continued)

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposit are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 1,633,682</u>	<u>\$ 1,572,772</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2011, \$1,383,682 of the District's bank balance of \$1,633,682 was exposed to custodial credit risk. These deposits were insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

At December 31, 2011, cash and certificates of deposit were adequately collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

Note 3 - PROPERTY TAXES (Continued)

The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2011 was \$7.00 per \$1,000 of assessed valuation on property within Recreation District No. 1 for the purpose of constructing, maintaining and operating recreational facilities within the District and \$2.40 per \$1,000 of assessed valuation for the payment of debt principal and interest. As indicated in Note 1c, taxes levied November 1, 2011 are for budgeted expenditures in 2012 and will be recognized as revenues in 2012.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2011 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>
State of Louisiana -		
State revenue sharing	\$ 20,728	
Terrebonne Parish Tax Collector - December, 2011		
collections remitted to the District in January, 2012:		
Ad valorem taxes	448,127	\$ 153,643
State revenue sharing	<u>10,364</u>	<u>-</u>
Total	<u>\$ 479,219</u>	<u>\$ 153,643</u>

Exhibit F
(Continued)

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets not being depreciated:				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Construction in progress	6,346	57,498	-	63,844
Total capital assets not being depreciated	32,691	57,498	-	90,189
Capital assets being depreciated:				
Buildings	1,330,202	90,075	-	1,420,277
Improvements other than building	477,356	89,978	-	567,334
Office furniture, fixtures and equipment	22,059	640	-	22,699
Machinery and equipment	318,866	18,970	(2,199)	335,637
Total capital assets being depreciated	2,148,483	199,663	(2,199)	2,345,947
Less accumulated depreciation for:				
Buildings	(725,542)	(49,813)	-	(775,355)
Improvements other than building	(168,875)	(24,829)	-	(193,704)
Office furniture, fixtures and equipment	(12,918)	(3,235)	-	(16,153)
Machinery and equipment	(152,474)	(18,219)	1,405	(169,288)
Total accumulated depreciation	(1,059,809)	(96,096)	1,405	(1,154,500)
Total capital assets being depreciated, net	1,088,674	103,567	(794)	1,191,447
Total capital assets, net	\$ 1,121,365	\$ 161,065	\$ (794)	\$ 1,281,636

Depreciation amounting to \$96,096 was recorded as cultural and recreation expenses for the year ended December 31, 2011.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2011 consisted of the following:

	<u>Governmental Activities</u>
General Fund	
Vendors	\$ 20,371
Payroll taxes	2,674
Protest taxes	<u>4,142</u>
 Total General Fund	 27,187
 Accrued interest on long-term debt	 <u>10,436</u>
 Total accounts payable and accrued expenditures	 <u>\$ 37,623</u>

Note 7 - LONG-TERM DEBT

At December 31, 2011, the District had general obligation bonds outstanding, Series 2004, totaling \$660,000 bearing interest at a rate of 4.58% per year, are repayable through March 1, 2019 primarily from ad valorem tax revenues.

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

Bonds payable at January 1, 2011	\$ 725,000
Bonds retired	<u>(65,000)</u>
 Bonds payable at December 31, 2011	 <u>\$ 660,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2011 are as follows:

Year	Principal	Interest	Total
2012	\$ 65,000	\$ 29,878	\$ 94,878
2013	70,000	26,873	96,873
2014	75,000	23,554	98,554
2015	80,000	19,930	99,930
2016	85,000	16,010	101,010
2017-2019	<u>285,000</u>	<u>21,540</u>	<u>306,540</u>
 Totals	 <u>\$ 660,000</u>	 <u>\$ 137,785</u>	 <u>\$ 797,785</u>

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District related to workers' compensation and general liability. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,250,000
Workers' Compensation	Statutory
Property Insurance	\$75,000,000

Coverage for claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$563,349 for general liability, workers' compensation and property insurance at December 31, 2010, then secondly by the District. The Parish is self-insured for the first \$150,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2010 was \$18,178,279. Insurance contracts cover the excess liability, up to \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal services fund, \$4,985,948 at December 31, 2010, then secondly by the District or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claim liabilities in excess of policy limits are funded first by assets of the Parish's workers' compensation internal service fund, \$1,166,029 at December 31, 2010, then secondly by the District. At December 31, 2011, the District had no claims in excess of the above coverage limits.

Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2011 totaled \$11,898.

Note 9 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members for the year ended December 31, 2011.

Note 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 19, 2012, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 1,
Schriever, Louisiana.

We have audited the financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2011, which collectively comprises the District's basic financial statements and have issued our report thereon dated March 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than theses specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 19, 2012.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2011.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2010.
No significant deficiencies were reported during the audit for the year ended December 31, 2010.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2010.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards during the year ended December 31, 2010.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2010.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2011

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2011.

No significant deficiencies were reported during the audit for the year ended December 31, 2011.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2011.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2011.